OCEANA LITHIUM LIMITED
(FORMERLY CEARA METALS 2050 PTY LTD)

ACN: 654 593 290

GENERAL PURPOSE FINANCIAL REPORT

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

The directors present their report on Oceana Lithium Limited ("the Company") for the financial period 18 October 2021 (date of incorporation) to 31 December 2021.

Directors

The names of the directors in office at any time during, or since the end of, the period are:

Jerome (Gino) Vitale
Sebastian Kneer (appointed 4 April 2022)
Qingtao Zeng (appointed 4 April 2022)
Simon Mottram (appointed 4 April 2022)
Daniel John Smith (appointed 3 February 2022; resigned 4 April 2022)
Anthony Augustine Trevisan (resigned 4 April 2022)

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Principal Activities

The Company is planning to be engaged in mineral exploration and evaluation activities in Brazil through its proposed wholly owned subsidiary, Ceara Litio Mineracao Eireli EPP ("Ceara Litio"). The Company entered into a binding share sale agreement ("SSA") with Ceara Litio on or about 7 November 2021 to acquire 100% of the issued capital of Ceara Litio. Ceara Litio is the holder of 8 mining permits covering approximately 115km^2 in Ceara state, northern Brazil.

Review of operations

The after-tax loss of the Company for the financial period ended 31 December 2021 was $40,061.

Given the Company was only incorporated on 18 October 2021 this financial report does not include comparative financial information.

Significant Changes in the State of Affairs

There were no significant changes in the company's state of affairs during the financial period.

Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial period that significantly affect or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years occurred, except for the following:

- On 12 February 2022, the Company raised $20,000 through the issue of 1,000,000 ordinary shares in the Company at $0.02 per share from sophisticated and professional investors.
- On 12 February 2022, the Company raised $2,250 through the issue of 2,250,000 ordinary shares in the Company at $0.001 per share from sophisticated and professional investors.
- On 8 March 2022, the Company changed its name to Oceana Lithium Limited.
- On 14 March 2022, the Company raised $425,000 through the issue of 4,250,000 ordinary shares in the Company at $0.10 per share from sophisticated and professional investors.
- On 1 April 2022, the Company issued 9,250,000 options and 5,296,000 performance rights to directors and certain advisers of the Company
- On 1 April 2022, the Company entered into a share sale and purchase agreement and royalty agreement with Consolidate Lithium Trading Pty Ltd, the holder of the Napperby Lithium Project.

Events Subsequent to the End of the Reporting Period (continued)

- On 4 April 2022, Messrs Trevisan and Smith resigned as directors of the Company. Messrs Kneer, Mottram and Zeng were appointed on the same day.
- On 4 April 2022, the Company lodged a prospectus with ASIC to raise up to $6,000,000 through the issue of up to 30,000,000 ordinary shares at $0.20 each by way of an initial public offering (IPO).

Likely Developments and Expected Results of Operations

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Dividends

No dividends were declared or recommended but not paid during the financial period.

Environmental regulations

The Company is required to carry out its activities in accordance with the Mining Laws and regulations in the areas in which it undertakes its exploration activities. The Company is not aware of any matter which requires disclosure with respect to any significant environmental regulation in respect of its operating activities.

Options

No options over issued shares or interests in the Company were granted during the financial period

No shares were issued during or since the end of the period as a result of the exercise of an option over unissued shares or interests.

Indemnifying officers and auditors

During or since the end of the financial period, the Company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor. In addition, the Company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The Company was not a party to any such proceedings during the period ended 31 December 2021.

Information on Directors

Jerome Gino Vitale, B. Com. (Accounting) – Non-Executive Chairman

Mr Vitale is an experienced corporate and mining operations and project development executive with 25 years of experience in the mineral resources sector. His focus has been gold, base metals, ferrous and non-ferrous metals and on turnaround situations identifying value-driven mergers and acquisitions. Former senior appointments held with Normandy Mining Group (one of Australia's largest gold producers, since acquired by Newmont), Standard Chartered Bank, Burdekin Resources/Redbank Mines Ltd (ASX:RCP) (founder and CEO with operations in Australia and Fiji), Bligh Resources Ltd (ASX:BGH) (since acquired by Saracen Mineral Holdings and recently merged with Northern Star Ltd, to become a tier 1 gold producer in Australia). Mr Vitale is a non-executive director of Denarius Metals Corp (TSXV:DSLV) which acquired the Lomero polymetallic project in Spain, in April 2021 from a company of which he was foundation director.

Mr Vitale graduated with a Bachelor of Commerce from the University of Western Australia in 1981. He is a member of the Institute of Chartered Accountants Australia and New Zealand, a former Senior Fellow and a former Vice President and Senior Fellow of Financial Services Institute of Australia (FINSIA), and former Fellow of the Australian Institute of Company Directors. During the mid 2000's, he was invited onto the ASX Corporate Governance Review Committee and brought a practical perspective on compliance guidelines for small to mid-cap companies.

Sebastian Kneer, BSc (hons) (Economic Geology) – Executive Director (appointed 4 April 2022)

Mr Kneer is a highly experienced Geologist with over 15 years' experience in mineral exploration, resource development and resource Geology. Mr Kneer was previously Galaxy Resources' Geology Manager where he managed all hard rock Lithium exploration and resource development activities in Australia and Canada. Prior to this position Mr Kneer was the Exploration Manager at Mt Cattlin, Western Australia. During that time, he played a key role in large Exploration and resource definition programs which resulted in a significant increase in the resource base at the Mt Cattlin Spodumene Operation.

Mr Kneer was educated in Germany and Australia and holds an Honours degree in economic Geology and a postgraduate certificate in Geostatistics. He will be responsible for planning and execution of the Company's exploration activities

Qingtao Zeng, PhD (Geology) – Non-Executive Director (appointed 4 April 2022)

Dr Zeng completed a PhD in geology at the Centre of Exploration Targeting (CET) of University of Western Australia in 2013. He has been engaged as a consulting geologist, principally working with Eldorado Gold Limited CSA Global China and Australia, and has a range of geological and commercial experience. Since 2015, Dr Zeng has been extensively involved in the lithium exploration and corporate transactions through his strong network of contacts throughout Asia. Dr Zeng has published several academic papers on orogenic gold or structure control gold geological studies, and is a member of AUSIMM and Society of Economic Geologist (SEG).

Dr Zeng is currently Managing Director of Australasian Metals Limited (ASX:A8G), a Non-Executive Director of ASX-listed Metalstech Limited (ASX:MTC), ASX-listed Winsome Resources Limited (ASX:WR1) and AIM-listed Kodal Minerals Plc.

Information on Directors (continued)

Simon Mottram, BSc. (Geology) – Non-Executive Director (appointed 4 April 2022

Mr Mottram is a geologist with over 25 years' experience predominantly in base and precious metals. Mr Mottram has held both executive and senior management positions with several successful mining companies both in Australia and overseas and has seen a number of discoveries advanced through to commercial mine development and has been central to several significant exploration successes. Mr Mottram brings significant nickel exploration experience to the Company where he previously was the Country Manager for Asian Mineral Resources which ran the Ban Phuc Nickel mine in Vietnam. Mr Mottram also played a key role in the evaluation, identification and testing of targets, leading to the discovery of the Sinclair Ni deposit for Jubilee Mines NL.

Mr Mottram was part of the successful executive team that took Avanco Resources Limited from a small junior through discovery and into production, building a successful mining company with an impressive portfolio, that was subsequently purchased on market by mid-tier Australian copper producer OZ Minerals for circa $440M in 2018.

Anthony Augustine Trevisan – Director (resigned 4 April 2022)

Mr Trevisan has over a period of time been involved in numerous corporate scenarios involving the financing of mergers and acquisitions, the restructuring of industrial, petroleum and mineral resources based public companies and the establishment from start-up of substantial businesses.

Daniel John Smith – Director (resigned 4 April 2022)

Mr. Smith is a fellow member of the Governance Institute of Australia and holds a Bachelor of Arts in International Relations from Curtin University. Mr Smith acts as company secretary for numerous ASX, AIM and NSX listed companies.

Auditor's Independence Declaration

The auditor's independence declaration as required under s307C of the Corporations Act 2001 has been received and can be found on page 6.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Jerome (Gino) Vitale

Director

Dated this 24th day of May 2022

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Oceana Lithium Limited, the directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 27, are in accordance with the Corporations Act and:

   a. comply with Australian Accounting Standards which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and

   b. give a true and fair view of the financial position of the Company as at 31 December 2021 and its performance as represented by the results of its operations, for the financial period ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Jerome (Gino) Vitale

Director

Dated this 24th day of May 2022

Moore Australia Audit (WA)

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF OCEANA LITHIUM LIMITED

As lead auditor of the abovenamed company, I declare that, to the best of my knowledge and belief, during the financial period ended 31 December 2021, there have been:

a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

MOORE AUSTRALIA

SUAN-LEE TAN
PARTNER

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 25th day of May 2022.

OCEANA LITHIUM LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

	Notes	2021 $
Revenue		1
Administration expenses		(40,062)
Exploration and Evaluation expenses		-
Taxes and fees		-
Loss before income tax	2	(40,061)
Income tax expense	3	-
Loss for the period after tax		(40,061)
Other comprehensive income		
Foreign exchange translation		-
Total comprehensive (loss)/income for the period		(40,061)
Loss for the period attributable to owners of the Company		(40,061)
Total comprehensive (loss)/income attributable to owners of the Company		(40,061)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

OCEANA LITHIUM LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	2021 $
ASSETS		
CURRENT ASSETS		
Cash at bank		149,086
Trade and other receivables	4	3,853
TOTAL CURRENT ASSETS		152,939
NON-CURRENT ASSETS		
Mineral exploration and evaluation	5a	-
Intangibles	5b	75,000
TOTAL NON-CURRENT ASSETS		75,000
TOTAL ASSETS		227,939
LIABILITIES		
TOTAL CURRENT LIABILITIES		-
TOTAL NON-CURRENT LIABILITIES		-
TOTAL LIABILITIES		-
NET ASSETS / (LIABILITIES)		227,939
EQUITY		
Issued capital	6	268,000
Accumulated losses		(40,061)
TOTAL EQUITY / (DEFICIT)		227,939

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

OCEANA LITHIUM LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

	Attributable to owners of the Company			
	Issued Capital	**Accumulated Losses**	**Reserves**	**Total**
	$	**$**	**$**	**$**
Balance at beginning of the period	-	-	-	-
Loss for the period	-	(40,061)	-	(40,061)
Total loss for the period	-	(40,061)	-	(40,061)
Other Comprehensive Income	-	-	-	-
Ordinary shares issued during the period	268,000	-	-	268,000
Balance at 31 DECEMBER 2021	268,000	(40,061)	-	227,939

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

OCEANA LITHIUM LIMITED
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

	Notes	2021 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		1
Payments		(43,915)
Net cash flows used in operating activities	10	(43,914)
CASH FLOWS FROM INVESTING ACTIVITIES		
Option fee paid		(75,000)
Net cash flows used in investing activities		(75,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issued ordinary shares		268,000
Shareholder loans received		-
Net cash flows provided by financing activities		268,000
Net increase in cash and cash equivalents		149,086
Cash and cash equivalents at beginning of the financial period		-
Cash and cash equivalents at the end of the financial period		149,086

The above Statement of Cashflows should be read in conjunction with the accompanying note

The financial statements and notes represent those of Oceana Lithium Limited (formerly Ceara Metals 2050 Pty Ltd) ("the Company").

The financial statements were authorised for issue on 24 May 2022 by the directors.

Note 1: Summary of Significant Accounting Policies

Basis of Preparation

These general-purpose financial statements have been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. These financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar unless stated otherwise.

Going concern

The Company reported a net loss for the period ended 31 December 2021 of $40,061 and had net assets as at that date of $227,939. The financial statements have been prepared on the basis of going concern which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Company continues to incur operating losses, net cash outflows from operating activities, has limited financial resources, and no assurances that sufficient funding, including adequate financing, will be available to enable it to continue its operations. These material uncertainties may cast a significant doubt on the validity of the going concern assumption.

The Company's ability to continue as a going concern is dependent upon its ability to obtain funding or financing necessary, from either shareholders or new investors, so as to continue operations. If the going concern assumption was to no longer be appropriate then adjustments may be necessary to the carrying values of assets, liabilities, reported income and expenses and the statement of financial position classifications adopted in these financial statements. Such adjustments could be material.

Note 1: Summary of Significant Accounting Policies (continued)

Accounting Policies

(a) Income tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

a) the initial recognition of goodwill; or
b) the initial recognition of an asset or liability in a transaction which:
   i) is not a business combination; and
   ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Note 1: Summary of Significant Accounting Policies (continued)

(a) Income tax (continued)

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where:

i) a legally enforceable right of set-off exists; and
ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Fair Value of Assets and Liabilities

The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

For non-financial assets, the fair value measurement also takes into account a market participant’s ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

The fair value of liabilities and the entity’s own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Note 1: Summary of Significant Accounting Policies (continued)

(c) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the financial instrument. For financial assets, this is the date that the entity commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are recognised as expenses in profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less repayments made and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Note 1: Summary of Significant Accounting Policies (continued)

(c) Financial Instruments (continued)

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Company initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy, and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a Company of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;

Note 1: Summary of Significant Accounting Policies (continued)

(c) Financial Instruments (continued)

Financial liabilities

Financial instruments are subsequently measured at:
- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:
- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Impairment

The Company recognises a loss allowance for expected credit losses on:
- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- contract assets;
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:
- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Company uses the following approaches to impairment, as applicable under AASB 9: Financial Instruments:
- the general approach
- the simplified approach
- the purchased or originated credit impaired approach; and
- low credit risk operational simplification.

Note 1: Summary of Significant Accounting Policies (continued)

(c) Financial Instruments (continued)

General approach

Under the general approach, at each reporting period, the Company assesses whether the financial instruments are credit-impaired, and if:

- the credit risk of the financial instrument has increased significantly since initial recognition, the Company measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or
- there is no significant increase in credit risk since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

- trade receivables or contract assets that result from transactions within the scope of AASB 15: Revenue from Contracts with Customers and which do not contain a significant financing component; and
- lease receivables.

Derecognition

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Company no longer controls the asset (i.e. the Company has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Note 1: Summary of Significant Accounting Policies (continued)

(d) Impairment of Assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Note 1: Summary of Significant Accounting Policies (continued)

(e) Employee Benefits

Short-term employee benefits

Provision is made for the Company's (including the parent's) obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Company's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures. Upon the remeasurement of obligations due to changes in assumptions for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense in the periods in which the changes occur.

The Company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(f) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred for more than one year is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Note 1: Summary of Significant Accounting Policies (continued)

(f) Revenue and Other Income (continued)

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax.

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown as borrowings in current liabilities on the statement of financial position.

(h) Mineral Exploration and Evaluation Expenditure

The Company has adopted a policy of writing off exploration and evaluation expenditure as incurred, unless a mineral resource has been estimated for the area of interest. The Directors believe that this policy results in the carrying value of exploration expenditure more appropriately reflecting the definition of an asset. The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas of interest. All costs carried forward are in respect of areas of interest in the exploration and evaluation phases and accordingly, production has not commenced. Exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount, in particular when the mineral resource in the specific area has not led to the discovery of commercially viable quantities of mineral resources and the company has decided to discontinue such activities in the specific area.

(i) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

(j) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Note 1: Summary of Significant Accounting Policies (continued)

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position. Cashflows are presented on a gross basis. The GST components of cash flows arising from financing and investing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(l) Principles of Consolidation

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Consolidated Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

- **Business combinations –** Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group is exposed to variable returns from another entity and has the ability to affect those returns through its power over the entity.

- **Subsidiaries** - Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

- **Loss of control** - Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, than such interest is measured at fair value at the date control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

- **Transactions eliminated on consolidation** - All intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements

- **Common control –** for acquisitions occurring while under the Common control of the Company and for consolidation purposes, the assets and liabilities continue to reflect the carrying values in the accounting records of the consolidated group prior to the business combination occurring.

Note 1: Summary of Significant Accounting Policies (continued)

(m) Foreign currency translation

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at the reporting date exchange rates of monetary assets, and liabilities denominated in foreign currencies are recognised in the profit or loss.

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. Monetary assets and liabilities denominated in foreign currency at the reporting date are translated to the functional currency at the exchange rate at that date. The income and expenses of foreign operations are translated into Australian dollars at the average exchange rates for the period. Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are recognised to form part of a net investment in a foreign operation and are recognised in other comprehensive income and are presented in the foreign currency translation reserve in equity.

(n) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key estimates

i) Impairment

The Company assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations, which incorporate various key assumptions.

(o) New Accounting Standards for Application in Future Periods

The Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB – Australian Accounting Standards Board that are relevant to the Company's operations and effective for annual reporting periods commencing on or after 1 January 2021. It has been determined by the Directors that there is no expected impact, material or otherwise, of the new and revised Standards and Interpretations on the Company and, therefore, no change is expected in the future to accounting policies.

Note 2: Profit /(Loss)before Income Tax

Profit/(loss) before income tax from continuing operations includes the following expenses

	2021 $
Expenses	
Consulting fees	26,694
Legal fees	11,000
Sundry	2,368
Geology	-
Rental expenses	-

Note 3: Income Tax

	2021 $
Income tax expense	-

Note 4: Trade and Other Receivables

	2021 $
Current	
Other debtors – GST Refund	3,853
	3,853

The carrying amounts of trade and other receivables are assumed to be the same as their fair values, due to their short-term nature.

Note 5
(a) Mineral Exploration and Evaluation

	2021 $
Non-current	
Mineral exploration and evaluation costs	-

(b) The $75,000 represents the option fee paid under the share sale agreement (“SSA”) with Ceara Litio on or about 7 November 2021 to acquire 100% of the issued capital of Ceara Litio.

Note 6: Issued Capital

	2021	
	Number	**$**
Ordinary shares fully paid	21,000,000	268,000

Movements in ordinary share capital:

	2021	
	Number	**$**
Beginning of the period	-	-
Issued during the period:	21,000,000	268,000
End of the period	21,000,000	268,000

Note 7: Commitments

The Company has no capital or other commitments.

Note 8: Contingent Liabilities and Contingent Assets

There are no contingent liabilities or contingent assets

Note 9: Events after the Reporting Period

No matters or circumstances have arisen since the end of the financial period that significantly affect or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years occurred, except for the following:

- On 12 February 2022, the Company raised $20,000 through the issue of 1,000,000 ordinary shares in the Company at $0.02 per share from sophisticated and professional investors.
- On 12 February 2022, the Company raised $2,250 through the issue of 2,250,000 ordinary shares in the Company at $0.001 per share from sophisticated and professional investors.
- On 8 March 2022, the Company changed its name to Oceana Lithium Limited.
- On 14 March 2022, the Company raised $425,000 through the issue of 4,250,000 ordinary shares in the Company at $0.10 per share from sophisticated and professional investors.
- On 1 April 2022, the Company issued 9,250,000 options and 5,296,000 performance rights to directors and certain advisers of the Company
- On 1 April 2022, the Company entered into a share sale and purchase agreement and royalty agreement with Consolidate Lithium Trading Pty Ltd, the holder of the Napperby Lithium Project.
- On 4 April 2022, Messrs Trevisan and Smith resigned as directors of the Company. Messrs Kneer, Mottram and Zeng were appointed on the same day.
- On 4 April 2022, the Company lodged a prospectus with ASIC to raise up to $6,000,000 through the issue of up to 30,000,000 ordinary shares at $0.20 each by way of an initial public offering (IPO).

Note 10: Cash Flow Information

Reconciliation of cash flows from operating activities with loss for the period

	2021 $
Net loss after income tax	(40,061)
Changes in assets and liabilities:	
Movement in trade and other receivables	(3,853)
Movement in foreign exchange	-
Movement in trade and other payables	-
	(43,914)

Note 11: Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks; accounts receivable and payable; and loans made to related parties and investment loans.

The totals for each category of financial instruments, measured in accordance with AASB 139: Financial Instruments: Recognition and Measurement as detailed in the accounting policies, are as follows:

	2021 $
FINANCIAL ASSETS	
Cash and cash equivalents	149,086
Trade and other receivables	3,853
	152,939
FINANCIAL LIABILITIES	
Trade and other payables	-
Loans from related parties	-
	-

Financial Risk Management Policies

The Board's overall risk management strategy seeks to assist the Company in meeting its financial targets, while minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board on a regular basis. These include the credit risk policies and future cash flow requirements.

Senior executives meet on a regular basis to analyse financial risk exposure in the context of the most recent economic conditions and forecasts.

Note 11: Financial Risk Management (continued)

Specific Financial Risk Exposures and Management

The main risks the Company is exposed to through its financial instruments are credit risk, liquidity risk, and market risk relating to interest rate risk and other price risk. There have been no substantive changes in the types of risks the Company is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

a. Credit risk

   Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company. The Company's objective in managing credit risk is to minimise the credit losses incurred, mainly on trade and other receivables and loans. There is no significant credit risk exposure on available-for-sale financial assets and held-to-maturity investments.

   Credit risk is managed through maintaining procedures that ensure, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness and their financial stability is monitored and assessed on a regular basis. Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, the terms are specific to each loan.

   Credit risk exposures

   The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the statement of financial position.

b. Liquidity risk

   Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company is not currently exposed to any significant liquidity risk on the basis that the realisable value of financial assets is greater than the financial liabilities due for settlement. The Company manages its liquidity risk through the following mechanisms:

   - preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
   - maintaining a reputable credit profile;
   - managing credit risk related to financial assets;
   - only investing surplus cash with major financial institutions; and
   - comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Note 11: Financial Risk Management (continued)

c. Market risk

i) Interest rate risk

Exposure to interest rate risk arises on interest-bearing financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect either the future cash flows (in the case of variable interest instruments) or the fair value financial instruments (in the case of fixed rate instruments).

ii) Other price risk

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors (other than those arising from interest rate risk) for securities. The Company's exposure to other price risk arises mainly from available-for-sale financial assets. Such risk is managed through diversification of investments across industries and geographical locations.

Note 12: Fair Value Measurements

The net fair value of financial assets and financial liabilities of the Company approximates their carrying amount as presented on the statement of the financial position.

Note 13: Related Parties Transactions

Transactions and outstanding balances with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties (i.e. at arm's length) unless the terms and conditions disclosed below state otherwise.

There were no significant transactions with related parties during the period.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF OCEANA LITHIUM LIMITED

Opinion

We have audited the accompanying financial report, being a general purpose financial report, of Oceana Lithium Limited ("the Company") which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement for the period then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the Company.

In our opinion, the accompanying financial report of Oceana Lithium Limited is in accordance with the Corporations Act 2001, including:

a. giving a true and fair view of the Company's financial position as at 31 December 2021 and of its performance for the year then ended and;
b. complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001.

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Material Uncertainty regarding Going Concern

We draw attention to Note 1 of the financial report, which indicates that the Company is dependent upon the ongoing support of its members or new investors in order to fund its working capital and discharge its liabilities in the ordinary course of business. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore, the Company may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. Our audit opinion is not modified in this regard.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF OCEANA LITHIUM LIMITED (CONTINUED)

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The directors' responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, making accounting estimates that are reasonable in the circumstances.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to include the economic decisions of the users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standard Board website at www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our audit report.

MOORE AUSTRALIA

SUAN-LEE TAN
PARTNER

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 25th day of May 2022.